

Message Text

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SAM-01 SP-02 SS-15 USIA-06 TRSE-00 DODE-00 NSC-05

ACDA-05 CU-02 VO-03 SCA-01 PPT-01 EB-07 COME-00 FRB-03

DHA-02 /104 W

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R 120920Z MAR 76

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 5468

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 3 BUDAPEST 0763

E.O. 11652: GDS

TAGS: PFOR, CSCE, HU

SUBJ: CSCE IMPLEMENTATION: HUNGARY

REF: (A) STATE 056127, (B) BUDAPEST 0655, (C) 75 BUDAPEST 3547

1. EMBASSY BELIEVES THAT GOH HAS MADE ITS BASIC POLICY DECISIONS ON CSCE IMPLEMENTATION AND WILL BE READY TO TAKE CONCRETE STEPS WITHIN NEXT TWO MONTHS. THERE WILL BE NO SUDDEN SURGE OF POSITIVE OPENINGS BUT WE ARE CONFIDENT THAT THERE WILL BE OPPORTUNITY FOR PROGRESS. HUNGARIAN GOVERNMENT AND PARTY LEADERS HAVE ALWAYS OPERATED CAUTIOUSLY IN THEIR DEALINGS WITH WEST. IN SOME RESPECTS THEY ARE ALREADY THE LEAST ILLIBERAL GOVERNMENT IN EASTERN EUROPE; AND THEY
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CANNOT AFFORD POLITICALLY TO GET MUCH FARTHER OUT IN FRONT

OF MOSCOW AND OTHER WARSAW PACT PARTNERS IN IMPLEMENTING BASKET III ITEMS. CAUTION ALSO RESULTS FROM ALREADY CLOSE CONTACTS BETWEEN HUNGARIANS AND WEST EUROPEANS RESULTING FROM GEOGRAPHIC FACTORS AND MORE LIBERAL GOH POLICY ON TRAVEL AND EMIGRATION. EVEN AFTER TWO DECADES OF DOMESTIC TRANQUILITY, LEADERSHIP MUST OCCASIONALLY WORRY THAT OPEN-DOOR POLICY COULD CAUSE DOMESTIC DESTABILIZATION. ADDITIONAL HUNGARIAN CONCERN IS UNCERTAINTY RE OUTCOME OF 1976 NATIONAL ELECTIONS IN BOTH U.S. AND FRG. THUS, ON SOME CSCE ISSUES GOH MAY BE INCLINED TO PLAY IT SAFE AND WAIT UNTIL AFTER NOVEMBER.

2. IN LAST FEW MONTHS FOREIGN MINISTER PUJA AND PARTY OFFICIALS HAVE REACTED EXTREMELY DEFENSIVELY TO WESTERN ALLEGATIONS THAT COMMUNIST COUNTRIES ARE NOT LIVING UP TO HELSINKI OBLIGATIONS. IN DECEMBER FOREIGN POLICY ARTICLE PUJA SAID THAT WESTERN COUNTRIES WERE SEEKING ONE-SIDED ADVANTAGE BY ASKING SOCIALIST COUNTRIES TO OPEN THEMSELVES UP TO CAPITALIST PROPAGANDA, WHILE DOING NOTHING TO SEE THAT WORD OF COMMUNIST "VALUES AND SUCCESSES" REACH PEOPLES IN WEST. HE WARNED THAT SOME WESTERN POLITICIANS ARE USING CSCE TO INTERFERE IN DOMESTIC AFFAIRS OF COMMUNIST STATES AND ADDED THAT "IT IMPOSSIBLE TO ACCEPT WESTERN ATTEMPT TO FORCE THEIR OWN RULES, CUSTOMS AND METHODS UPON SOCIALIST COUNTRIES WHILE AT SAME TIME DISREGARDING LAWS, CUSTOMS AND TRADITIONS OF SOCIALIST STATES." IN RECENT CONVERSATIONS WITH WESTERN EUROPEAN FOREIGN MINISTERS PUJA HAS STRESSED THAT IMPLEMENTATION MUST BE BASED ON RECIPROCITY AND WILL IN MOST CASES BE DEPENDENT ON FORMAL BILATERAL AGREEMENTS BETWEEN GOVERNMENTS.

3. NOT SURPRISINGLY, GOH HAS BEEN SENDING MIXED SIGNALS ON CSCE. POST-HELSINKI PERIOD HAS BROUGHT "SHARPENING OF IDEOLOGICAL STRUGGLE" ACCORDING TO PROPAGANDISTS. BECAUSE OF THE INCREASED RHETORIC DIRECTED AGAINST CAPITALIST COUNTRIES AND SOME TIGHTENING UP ON CONTACTS WITH WESTERNERS, OTHER WESTERN EMBASSIES HERE (SUCH AS UK, FRG AND FRANCE) ARE MORE CRITICAL OF HUNGARY'S POST-CSCE RECORD THAN WE ARE. THIS IS CONFIDENTIAL

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POSSIBLY RESULT OF U.S. HAVING STARTED FROM LOWER RELATIVE POSITION IN ITS RELATIONSHIP WITH GOH. FOR HISTORIC REASONS U.S. IS STILL IN MUCH LESS NORMAL POSITION THAN OUR ALLIES; WE HAVE LESS CAUSE TO BE PESSIMISTIC ABOUT RECENT TRENDS OR THE OUTLOOK FOR THIS YEAR BECAUSE WE ARE STILL CATCHING UP. "IDEOLOGICAL STRUGGLE" HAS CERTAINLY NOT RETARDED OUR IMPROVING RELATIONS. GOH IS STILL SIGNALING THAT IT WANTS CONTINUED MOVEMENT

TOWARD NORMAL BILATERAL RELATIONS. AMBASSADOR WAS INVITED FOR UNPRECEDENTED CALL ON HSWP FIRST SECRETARY JANOS KADAR IN DECEMBER. IN ADDITION, WE ARE NOW SEEING PROGRESS IN SOME AREAS WHERE NEGOTIATIONS HAVE BEEN STALLED FOR SEVERAL YEARS. CAN THIS PROGRESS BE ASCRIBED TO CSCE OR IS IT MERELY RESULT OF GENERAL IMPROVEMENT IN US-HUNGARIAN RELATIONS? GOH POLICY ON CSCE AND BILATERAL RELATIONS ARE TOO CLOSELY INTERWOVEN TO ASCRIBE ACTION TO ONE OR OTHER.

4. FORWARD MOVEMENT ON CSCE BASKET III ISSUES WILL BE SLOW, BUT GOH IS AWARE THAT SOME CONCRETE STEPS MUST BE TAKEN BEFORE HELSINKI DOCUMENT IS YEAR OLD. AMBASSADOR MCAULIFFE CONDUCTED FIRST OVERALL REVIEW OF CSCE IMPLEMENTATION WITH FOREIGN MINISTER PUJA MARCH 10. PUJA TOLD AMBASSADOR THAT GOH IS ANXIOUS TO MOVE AHEAD WITH CSCE IMPLEMENTATION IN "BILATERAL CONTEXT" AND THAT WITHIN MONTH OR TWO MINISTRY WOULD APPROACH EMBASSY WITH PACKAGE OF CONCRETE PROPOSALS. HE ALSO SAID THAT WITHIN TWO WEEKS GOH WOULD FORMALLY LIFT DISCRIMINATORY RESTRICTIONS ON AMERICAN EMBASSY'S INFORMATIONAL ACTIVITIES WHICH HAVE APPLIED ONLY TO USG, A WELCOME RESPONSE TO A 1969 U.S. PROPOSAL THAT NOW APPEARS TO BE RECEIVING ATTENTION IN WAKE OF CSCE. GOH REACTION CAN BE DIRECTLY TIED TO HELSINKI. ALSO DIRECTLY RELATED TO CSCE IS U.S. PROPOSAL TO SHORTEN OFFICIAL VISA ISSUANCE TIME (SEE 5.C.(2)).

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C O N F I D E N T I A L SECTION 2 OF 3 BUDAPEST 0763

5. CHANGES IN ATTITUDES SINCE OCTOBER CHECKLIST:

A. ECONOMIC COOPERATION:

THERE HAVE BEEN SOME NEW -- AND SIGNIFICANT --
ECONOMIC COOPERATION AGREEMENTS BETWEEN HUNGARIAN AND
U.S. FIRMS SINCE HELSINKI. IN NOVEMBER GENERAL MOTORS
WRAPPED UP MAJOR INDUSTRIAL COOPERATION ARRANGEMENT
WITH RABA. HUNGARIAN AND AMERICAN CHAMBERS OF COMMERCE
IN NOVEMBER HELD FIRST JOINT SESSION. CORNING GLASS-
RADELKIS AGREEMENT BECAME FIRST REPEAT FIRST US-
HUNGARIAN JOINT VENTURE IN DECEMBER. (FYI: FRG HAS
ONE HUNDRED SIXTY (160) SUCH JOINT VENTURES.) ALTHOUGH
SOME OTHER DEALS REMAIN STALLED -- FIRST NATIONAL CITY
BANK HAS BEEN ATTEMPTING TO ESTABLISH PERMANENT OFFICE
HERE FOR OVER ONE YEAR -- GOH IS NOW GRANTING QUICKER
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APPROVAL FOR COOPERATION AGREEMENTS. THERE IS, HOWEVER,
NO EVIDENCE THAT THESE STEPS WOULD NOT HAVE TAKEN PLACE
IN ABSENCE OF CSCE.

B. BUSINESS CONDITIONS:

THERE HAS NOT BEEN A NOTICEABLE IMPROVEMENT IN
AVAILABILITY OF HOUSING AND OFFICE SPACE FOR FOREIGN
BUSINESSMEN. FORTUNATELY THERE HAS BEEN NO RUSH OF
WESTERN BUSINESSMEN TO OPEN UP SHOP IN HUNGARY. MOST
CONTINUE TO FIND IT EASIER AND CHEAPER AND PLEASANTER
TO COMMUTE FROM AUSTRIA AND FRG. WESTERN BUSINESSMEN
ARE STILL USUALLY REQUIRED TO DEAL DIRECTLY WITH
FOREIGN TRADING ORGANIZATIONS INSTEAD OF END-USERS.
ALTHOUGH BY EE STANDARDS GOH MAKES UNUSUALLY LARGE
AMOUNT OF ECONOMIC AND STATISTICAL INFORMATION AVAILABLE,
THERE IS NO EVIDENCE THAT IT IS BEING MORE FORTHCOMING
IN POST-HELSINKI PERIOD WITH DATA USEFUL TO WESTERN TRADERS
OR FOREIGN DIPLOMATS.

C. FAMILY MEETINGS AND REUNIFICATION:

(1) IN THE LAST SEVERAL MONTHS THERE HAS BEEN NO
SIGNIFICANT IMPROVEMENT IN THE SETTLEMENT OF OUTSTANDING
DIVIDED FAMILY CASES. SINCE SEPTEMBER 1975, WHEN U.S. HAD

NINE DIVIDED FAMILY CASES INVOLVING SIXTEEN INDIVIDUALS, TWO OF THESE CASES, INVOLVING THREE INDIVIDUALS, HAVE BEEN GRANTED EMIGRATION PASSPORTS. TWO MORE CASES (THREE INDIVIDUALS) HAVE BEEN DELETED BECAUSE PERSONS DO NOT CURRENTLY DESIRE TO EMIGRATE. THEREFORE, FIVE OF ORIGINAL CASES, INVOLVING TEN INDIVIDUALS, REMAIN OUTSTANDING. SINCE SEPTEMBER, HOWEVER, WE HAVE ADDED FOUR CASES, WITH FIVE INDIVIDUALS, TO OUR DIVIDED FAMILY ACCOUNTING. THERE HAS BEEN NO MARKED INCREASE IN THE NUMBER OF HUNGARIAN EMIGRANTS TO THE U.S. TO JOIN FAMILIES NOR HAS THERE BEEN AN INCREASE IN HUNGARIAN TOURIST VISITORS TO THE U.S. THERE HAS BEEN A SMALL REDUCTION IN THE PASSPORT FEE FOR THOSE INDIVIDUALS EMIGRATING TO NON-COMMUNIST COUNTRIES. IT IS STILL, HOWEVER, MORE EXPENSIVE TO APPLY FOR TRAVEL TO THE WEST THAN IT IS TO WARSAW PACT COUNTRIES.

(2) SIMPLIFIED ADMINISTRATION OF EXIT AND ENTRY PROCEDURES: IN JANUARY 1976 EMBASSY PRESENTED VISA FACILITATION PACKAGE PROPOSAL TO GOH. PROPOSAL PROVIDES FOR MUTUAL 7-DAY ISSUANCE IN VIRTUALLY ALL DIPLOMATIC/CONFIDENTIAL

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OFFICIAL CASES AND FASTER ISSUANCE IN INDIVIDUAL CASES OF NECESSITY. GOH HAS NOT YET REPLIED TO OUR PROPOSAL; BUT WE HAVE RECEIVED VEILED HINTS THAT RESPONSE WILL BE FAVORABLE. ITS ULTIMATE DECISION IN THIS CASE, HOWEVER, WILL BE DIRECTLY ACCOUNTABLE TO THEIR CSCE POLICY.

D. (1) DISSEMINATION OF INFORMATION: THERE HAS BEEN MARKED INCREASE IN NUMBERS OF COPIES AND TITLES OF WESTERN NEWSPAPERS AVAILABLE FOR PURCHASE AT DELUXE HOTELS IN BUDAPEST PATRONIZED BY WESTERN VISITORS. ALL WESTERN EMBASSIES HAVE NOTICED THIS INCREASE. AT SAME TIME, HOWEVER, NUMBER OF WESTERN MAGAZINES SUCH AS TIME, NEWSWEEK AND DER SPIEGEL ARE MORE DIFFICULT TO SECURE. WE BELIEVE THAT GOH HAS MADE CONSCIOUS EFFORT TO CONVINCE WEST OF ITS COMPLIANCE WITH CSCE OBLIGATION CONCERNING DISSEMINATION OF INFORMATION. ALTHOUGH FOREIGN NEWSPAPERS ARE CONSPICUOUSLY AVAILABLE IN THESE LUXURY HOTELS, AVERAGE HUNGARIAN COUNTINUES TO BE EXCLUDED FROM NORMAL DISTRIBUTION OUTLETS. HUNGARIAN AIRPORTS, RAILROAD STATIONS AND MAGAZINE RACKS DISPLAY ONLY WESTERN COMMUNIST PUBLICATIONS, SUCH AS MORNING STAR, L'UNITA AND LE HUMANITE. EMBASSY IS INTERESTED IN SECURING INFORMATION FROM EUROPEAN PUBLISHERS OF TIME, NEWSWEEK AND HERALD TRIBUNE AS TO LEVEL OF SALES TO HUNGARY IN PRE- AND POST-HELSINKI PERIOD.

(2) EMBASSY HAS HAD SOME SUCCESS RECENTLY IN PLACING MORE U.S. FILMS, TV MATERIAL AND RADIO ITEMS WITH HUNGARIAN MEDIA. THE NUMBER OF ITEMS PLACED, HOWEVER, IS STILL QUITE LIMITED BY WESTERN STANDARDS

(3) CULTURAL EXCHANGES: EVER SINCE PRESENTATION OF U.S. DRAFT EMBASSY HAS BEEN ACTIVELY STRIVING TO ENGAGE GOH OFFICIALS IN SUBSTANTIVE DISCUSSIONS IN ORDER TO ATTEMPT TO NAIL DOWN CULTURAL AND SCIENTIFIC AGREEMENT. DUE PRIMARILY TO BUREAUCRATIC ARTHRITIS ON PART OF HUNGARIAN CULTURAL INSTITUTE, DISCUSSIONS HAVE BEEN FITFUL AND PROGRESS HAS BEEN GLACIAL. CONCLUSION OF FINAL U.S. AGREEMENT STILL APPEARS TO BE MANY MONTHS AWAY. THERE IS NO EVIDENCE, HOWEVER, THAT HELSINKI DOCUMENT HAS HAD IMPACT ON GOH APPROACH TO CULTURAL AGREEMENT. IN LAST FEW MONTHS NUMBER OF OFFICIAL GRANT EXCHANGES BETWEEN U.S. AND HUNGARY HAS INCREASED FROM 15 PER ANNUM TO 25 PER ANNUM.

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E. ACCESS TO HUNGARIAN OFFICIALDOM:

THERE HAS BEEN NO SIGNIFICANT IMPROVEMENT IN EMBASSY'S ACCESS TO HUNGARIAN OFFICIALDOM IN WAKE OF CSCE AGREEMENT AND INCREASED ACTIVITY ON PART OF HUNGARIAN EMBASSY IN WASHINGTON. GOH STILL APPARENTLY MAINTAINS QUOTA SYSTEM ESTABLISHED FOR NUMBER OF HUNGARIANS WHO ARE ALLOWED TO BE APPROACHED BY EMBASSY OFFICERS. UK, FRG AND FRENCH DIPLOMATS REPORT THAT THERE HAS BEEN RECENT TIGHTENING-UP IN GOH ENFORCEMENT REGARDING FOREIGN DIPLOMATIC CONTACT WITH HUNGARIANS; THAT SEVERAL OF THEIR LONG-TIME CONTACTS HAVE BEEN WARNED AWAY. UK EMBASSY CLAIMS TO HAVE RELIABLE INFORMATION THAT COMMUNIST YOUTH (KISZ) OFFICIALS HAVE PUT OUT FORMAL PROHIBITION AGAINST THEIR MEMBERS USING BRITISH AND AMERICAN LIBRARIES OR FRENCH AND ITALIAN CULTURAL CENTERS. WE ARE UNABLE TO CONFIRM THESE REPORTS. WE ARE ALSO UNABLE TO DETERMINE WHETHER THIS IS NEW POLICY OR WHETHER IT SIMPLY REFLECTS PERIODIC WARNING TO THOSE HUNGARIANS WHO MIGHT INTERPRET CSCE AS RATIONALE FOR EXPANDING WESTERN CONTACTS.

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C O N F I D E N T I A L SECTION 3 OF 3 BUDAPEST 0763

6. SUGGESTIONS FOR FURTHER BILATERAL ACTION:

A. JOURNALIST VISAS: THAT WE PROPOSE TO GOH THAT BOTH GOVERNMENTS TAKE ACTION TO GRANT MULTIPLE ENTRY VISAS TO VISITING NON-ACCREDITED JOURNALISTS. THIS HAS ALREADY TAKEN PLACE BETWEEN U.S. AND USSR AND SHOULD PRESENT NO DIFFICULTY FOR HUNGARIANS.

B. BUSINESS VISAS: WITH INCREASED BUSINESS TRAFFIC TO HUNGARY, WE SHOULD OFFER TO GRANT MULTIPLE ENTRY VISAS TO HUNGARIAN TRADE OFFICIALS, IN RETURN FOR GOH GRANTING OF IDENTICAL TYPE VISAS TO VISITING U.S. BUSINESS PERSONNEL OR THIRD-COUNTRY NATIONALS REPRESENTING AMERICAN FIRMS.

C. EXCHANGE OF MILITARY PERSONNEL: AS EXTENSION OF CBM, U.S. MIGHT INVITE SEVERAL HUNGARIAN MILITARY CONFIDENTIAL

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OFFICERS (PREFERABLY NO HIGHER THAN COLONEL) TO VISIT NON-SENSITIVE U.S. MILITARY INSTALLATIONS IN WESTERN EUROPE. IF THIS INITIATIVE SUCCEEDS, VISITS COULD BE EXTENDED TO COMPARABLE BASES IN CONTINENTAL U.S. WE WOULD INSIST THAT HUNGARIANS RECIPROCATATE WITH SIMILAR INVITATIONS TO U.S. MILITARY OFFICERS. WE BELIEVE IT WOULD BE USEFUL FOR HUNGARIANS TO SEE U.S. MILITARY EFFECTIVENESS AT CLOSE HAND. IT MIGHT ALSO LESSEN GOH PARANOIA ABOUT DISCLOSING MILITARY "SECRETS" TO WESTERNERS.

D. PARLIAMENTARY EXCHANGES: ALTHOUGH HUNGARIAN PARLIAMENT IS POWERLESS ORGAN, IN NO WAY COMPARABLE TO SIMILAR INSTITUTIONS IN WEST, ITS MEMBERSHIP IS MADE UP OF MOST INFLUENTIAL POLITICAL, ECONOMIC AND SOCIAL LEADERS IN THIS COUNTRY. FOR EXAMPLE, PARLIAMENTARY FOREIGN AFFAIRS CHAIRMAN ANDRAS GYENES IS HSWP CENTRAL COMMITTEE SECRETARY RESPONSIBLE FOR INTERNATIONAL RELATIONS. WE WOULD BENEFIT FROM THEIR VISITING U.S. AND OBSERVING HOW REAL DEMOCRATIC PARLIAMENT FUNCTIONS. WE ALSO FIRMLY BELIEVE THAT U.S. CONGRESSIONAL VISITS TO HUNGARY HAVE BEEN BENEFICIAL TO CONGRESS, HAVE HELPED OUR BILATERAL RELATIONS, AND HAVE GIVEN THIS EMBASSY GREATER ACCESS TO GOH LEADERS. WE STRONGLY SUPPORT SYSTEMATIC, AT LEAST MORE FREQUENT, EXCHANGE OF U.S. AND HUNGARIAN PARLIAMENTARY LEADERS.

E. DOUBLE TAXATION: U.S. TREASURY DEPARTMENT AND HUNGARIAN MINISTRY OF FINANCE COULD FIX TREATY PROVIDING FOR SINGLE TAXATION OF FOREIGN BUSINESSMEN, TRADE REPRESENTATIVES, JOURNALISTS AND SCHOLARS. GOH HAS ALREADY MADE INDIRECT ARRANGEMENTS TO EXCLUDE SOME FOREIGN BUSINESSMEN FROM DOUBLE TAXATION. WITH INCREASED INTEREST ON PART OF U.S. BUSINESS TO ESTABLISH OFFICES IN BUDAPEST, WE BELIEVE THAT IT WOULD BE PRUDENT TO BEGIN NOW NECESSARY PREPARATORY STEPS LOOKING TOWARD CONCLUSION OF SUCH A TREATY.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TREATY COMPLIANCE, POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BUDAPE00763
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760094-0400
From: BUDAPEST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760368/aaaachsp.tel
Line Count: 412
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 8
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 56127, 76 BUDAPEST 655, 76 BUDAPEST 3547
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by MartinML>; APPROVED <01 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CSCE IMPLEMENTATION: HUNGARY
TAGS: PFOR, HU, CSCE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006